

and not intended to circumvent the Medicaid laws, as I understand it.

SENATOR V. JOHNSON: All right. So, in fact, a fairly well off...a fairly prosperous Nebraska family could give away assets for very legitimate reasons, I mean, love and affection is a perfectly legitimate reason. They could give it away, give some assets away and then sometime thereafter be eligible for Medicaid. Is that correct?

SENATOR WESELY: Yes, and that has happened.

SENATOR V. JOHNSON: Yes. Now, secondly, in terms of this specific legislation, the price tag is high. It's got a \$2 million price tag but half of that is federal money and the other half is state money. The federal government has its own asset tests. What makes the Public Health and Welfare Committee believe that this legislation will not unsuccessfully "countervene" the federal asset tests?

SENATOR WESELY: We do. I mean, we extend the asset test to a higher level than is now mandated by the federal government and that protection is allowed under the Medicaid (interruption).

SENATOR V. JOHNSON: Well, my understanding...I would believe that the federal government itself would not want to contribute its share of Medicaid costs to Nebraska if Nebraska does not require the requisite spend down that the federal government requires.

SENATOR WESELY: They have given...they have allowed us...the states have the flexibility to do that. And, as I mentioned, there is a federal law now that would automatically increase it. So they...oh, Senator Withem would like to respond.

SENATOR V. JOHNSON: Fine.

SPEAKER BARRETT: Senator Withem.

SENATOR WITHEM: If I could, Senator Johnson, just to add to this dialogue here that it's my understanding that Washington and California passed similar bills. They have been upheld by federal courts, the Ninth Circuit, that this reservation of assets is, in fact, an appropriate...appropriate under current regulations.